

CITY OF VINELAND

RESOLUTION NO. 2018-\_\_\_\_\_

RESOLUTION AMENDING AND CORRECTING  
RESOLUTION 2017-555, A RESOLUTION AUTHORIZING  
THE EXECUTION OF A LONG TERM SERVICE  
AGREEMENT WITH SIEMENS ENERGY, INC. FOR THE  
VINELAND MUNICIPAL ELECTRIC UTILITY

WHEREAS, City Council of the City of Vineland adopted Resolution 2009-623 wherein Change Order No. 16 thereto authorized the execution of a Long Term Service Agreement (LTSA) for service to two Rolls Royce/Siemens combustion Turbine Generators known as Down No.11 and Clayville No. 1; and

WHEREAS, City Council adopted Resolution 2017-555 authorizing the execution of an amendment to the Long Term Service Agreement, however referred the amendment as “Amendment No. 17” instead of Amendment No. 1 to the LTSA.

NOW THEREFORE BE IT RESOLVED by the Council of the City of Vineland that Resolution 2017-555 shall be amended and corrected so as to authorize the execution of a first amendment to a Long Term Service Agreement with Siemens Energy, a corrected copy of the contract is attached hereto and made a part hereof.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk

**Amendment No. 1**

TO

**Long Term Service Agreement (LTSA)  
(Reference No. 0426)**

BETWEEN

**Vineland Municipal Electric Utility**

AND

**Siemens Energy Inc.**

**WHEREAS** Siemens Energy Inc. (hereinafter 'CONTRACTOR') and **Vineland Municipal Electric Utility** have a Long Term Service Agreement (LTSA) No. 0426 for WORK on COMPANY property dated February 17, 2016.

**WHEREAS** Siemens Energy Inc. wish to amend the Agreement in part as a direct result of external source data modifications (the "Amendment No. 1").

**NOW, THEREFORE the Parties agree as follows:**

This Amendment No. 1 dated January 8<sup>th</sup>, 2018 forms an amendment to the existing Long Term Service Agreement (LTSA) No. 0426

This amendment shall become effective and binding upon both Parties at the date signed by both.

All clauses, sentences and sections of the Long Term Service Agreement (LTSA) No. 0426 not explicitly mentioned in the following shall remain unchanged.

**The Provisions below of the Agreement shall be revised as follows:**

1. The Paragraph 8.2 Escalation, Page 15 of the LTSA shall be deleted in its entirety and replaced with the following Paragraph:  
Unless otherwise stated, all fees and prices listed in Exhibit H including the ANNUAL MAINTENANCE FEE shall be subject to escalation, commencing at the beginning of the second CONTRACT YEAR and calculated as follows:

$$P_n = P_o \times (0.65(\ln/lo) + 0.35(mn/mo))$$

$P_n$  is the relevant price or fee for CONTRACT YEAR in consideration  
 $P_o$  is the relevant price or fee based on the Amended Exhibit H below

$L_o$  is the index number of "US Bureau of Labor Statistics" Series (PCU3364: Aerospace product and parts manufacturing) for the month of October 2016

$L_n$  is the corresponding index to  $L_o$  for the month preceding the relevant new CONTRACT YEAR

$M_o$  is the index number of Producer Prices – MM22, table JV8L "Price Indices 2811000000: Engines & Turbines, except Aircraft, Vehicle & Cycle Engines for the month of October 2016

$M_n$  is the corresponding index to  $m_o$  for the month immediately preceding the relevant new CONTRACT YEAR

If the United Kingdom or United States ceases to publish any of the statistics referred to above or modifies the basis of the calculation then SELLER shall have the right to substitute any officially recognized, proper and substantially equivalent statistic. In the event of a negative escalation for any CONTRACT YEAR, the relevant price or fee shall be equal to price or fee for the preceding CONTRACT YEAR.

2. Exhibit H, Page 40 of the LTSA shall be replaced in its entirety with the following paragraph:

1.0 FEES

For the services described in this AGREEMENT, the following fees apply:

1.1 Initial Spare Purchase ..... No further purchase required

1.2 ANNUAL MAINTENANCE FEE ..... USD\$ \$534,234.65

1.3 Event Based Fees

A Class Inspection ..... USD\$ \$115,473.53 (per unit, per event)

- Scheduled parts kit (Inspection Kit)
- Labor and travel expenses
- A1 Inspections as required

B Class Inspection ..... USD\$ \$3,174,481.91 (per unit, per event)

- Site inspection covering parts, labor, expenses
- Engine removal, installation and commissioning
- Overhaul management/coordination
- Factory overhaul and refurbishment costs

C Class Inspection ..... USD\$ \$6,579,402.74 (per unit, per event)

- Site inspection covering parts, labor, expenses
- Engine removal, installation and commissioning
- Overhaul management/coordination
- Factory overhaul and refurbishment costs

Any component and or assembly in need of replacement due to cyclical lifing shall be replaced and charged to the OWNER at catalogue pricing along with any labor costs incurred in the replacement of the components. The cyclical life shall be assumed to have been reached if at the B class interval more than 60% of the calculated life of the item has been reached, thus allowing the unit to complete its running term to the C class interval.

SCR Coverage:

A1 Class Inspection (Annual Inspection) .....USD\$ \$17,458.55 (per unit, per event)

- Includes service engineers time, test equipment and expenses
- Excludes replacement parts or materials. Replacement parts and materials will be considered unscheduled maintenance in terms of compensation.

Test Coupon .....Invoice Cost + 15% (per event)

SCR and CO Catalyst Replacement .....Invoice Cost + 15% per event

- Includes SCR and CO catalysts
- Includes service engineers time, test equipment and expenses
- Includes misc. clamps, bolts, washers and needed hardware
- Excludes spent catalyst disposal

SCR Unscheduled Maintenance

- Except valid warranty situations, compensation for goods and services associated with SCR unscheduled maintenance will be additional to the fees expressed above. Compensation for unscheduled maintenance will be in accordance with Rolls-Royce prevailing standard labor rates and list prices for spare parts; and Rolls-Royce invoice cost plus 15% mark-up for third-party services.

1.4 UNSCHEDULED MAINTENANCE

SELLER will respond to all UNSCHEDULE EVENTS throughout the contract term. Except for valid warranty situations, compensation for goods and services associated

with UNSCHEDULED MAINTENANCE will be additional to the Fees expressed in this Exhibit and based on SELLER'S prevailing labor rates and list prices for spare parts; and SELLER'S invoiced cost plus 15% for third-party services.

Unscheduled Lease Engine Usage .....\$USD 35,790.45 (per unit, per week)

- The weekly fee will be prorated for partial weeks
- The fee is applicable based on DELIVERY

1.5 PRICING TERMS

1. The prices/fees expressed in this Exhibit H are in US Dollars
2. The ANNUAL MAINTENANCE FEE is payable pursuant to sub-clause 8.3 of the AGREEMENT.
3. Event Based Fees pursuant to sections 1.3 and 1.4 are payable upon completion within 30 days of receipt of SELLER'S invoice.
4. The OWNER will be invoiced for the Initial Spares Purchase based on the value of items shipped.

For and on behalf of  
**Siemens Energy Inc.**

For and on behalf of  
**Vinland Municipal Electric Utility**

Signed .....

Signed .....

Name .....

Name .....

Position .....

Position .....

Date .....

Date .....